

ANNUAL FINANCIAL REPORT
LULING VOLUNTEER FIRE DEPARTMENT, INC.
FOR THE YEAR ENDED
DECEMBER 31, 2013

ERICKSEN KRENTEL & LAPORTE L.L.P.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Luling Volunteer Fire Department, Inc.
67 St. Anthony Street
Luling, Louisiana 70070

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Luling Volunteer Fire Department, Inc., as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Luling Volunteer Fire Department, Inc.'s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Luling Volunteer Fire Department, Inc.

June 27, 2014

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Luling Volunteer Fire Department, Inc., as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014, on our consideration of Luling Volunteer Fire Department, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Luling Volunteer Fire Department, Inc.'s internal control over financial reporting and compliance.

June 27, 2014
New Orleans, Louisiana



Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION

LULING VOLUNTEER FIRE DEPARTMENT, INC.
LULING, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

This section of the Luling Volunteer Fire Department (the Fire Department) annual financial report presents management's analysis of the Fire Department's financial performance for the year ended December 31, 2013. This analysis should be read in conjunction with the audited financial statements which follow this section.

FINANCIAL HIGHLIGHTS

1. The Fire Department's net position increased by \$268,198
2. The general revenues of the Fire Department were \$972,263.
3. The total expenses of the Fire Department were \$704,065.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of two sections: Management's Discussion and Analysis and audited financial statements. The financial statements also include notes that provide additional detail of the information included in the financial statements.

BASIC FINANCIAL STATEMENTS

The financial statements of the Fire Department report information about the Fire Department using accounting methods similar to those used by private companies. These financial statements provide financial information about the activities of the Fire Department.

The Statement of Net Position presents information that includes all of the Fire Department's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Fire Department as a whole is improving or deteriorating.

The Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities presents information on how the Fire Department's net position changed as a result of current period operations.

The following presents condensed financial information of the Fire Department.

SUMMARY OF NET POSITION
AS OF DECEMBER 31, 2013 AND 2012

	<u>ASSETS</u>	
	December 31, <u>2013</u>	December 31, <u>2012</u>
Current assets	\$ 1,375,148	\$ 1,121,452
Capital assets, net of accumulated depreciation	<u>2,203,794</u>	<u>2,377,705</u>
Total assets	<u>\$ 3,578,942</u>	<u>\$ 3,499,157</u>

LULING VOLUNTEER FIRE DEPARTMENT, INC.
LULING, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>LIABILITIES</u>	
	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Current liabilities	\$ -	\$ 93,413
Long-term liabilities	<u>-</u>	<u>95,000</u>
Total liabilities	<u>\$ -</u>	<u>\$ 188,413</u>

	<u>NET POSITION</u>	
Net investment in capital assets	\$ 2,203,794	\$ 2,189,292
Restricted for fire protection	1,375,148	1,042,452
Restricted for debt service	<u>-</u>	<u>79,000</u>
Total net position	<u>\$ 3,578,942</u>	<u>\$ 3,310,744</u>

Total assets increased by \$79,785 (2%) primarily as a result of an increase in cash balances.

Total liabilities decreased by \$188,413 (100%) due to the payoff of the St. Charles Parish bond during the current year.

Total net position increased by \$268,198 (7%) as a result of operations.

SUMMARY OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
General revenues	\$ 972,263	\$ 1,002,763
Expenditures/expenses	<u>(704,065)</u>	<u>(700,377)</u>
Change in net position	<u>\$ 268,198</u>	<u>\$ 302,386</u>
Ending net position	<u>\$ 3,578,942</u>	<u>\$ 3,310,744</u>

The change in net position decreased by \$34,188 (11%). This is a result of a decrease in sales tax revenue collections and an increase in expenditures related to an increase in equipment and building maintenance for the year.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
LULING, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

CAPITAL ASSETS

Following is a schedule of capital assets, net of accumulated depreciation:

	<u>December 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
Land	\$ 117,956	\$ 117,956
Buildings and improvements	3,235,036	3,225,947
Equipment	1,561,153	1,470,785
Vehicles	<u>2,163,455</u>	<u>2,174,412</u>
Total	7,077,600	6,989,100
Less: accumulated depreciation	<u>(4,873,806)</u>	<u>(4,611,395)</u>
Net investment in capital assets	<u>\$ 2,203,794</u>	<u>\$ 2,377,705</u>

The major additions to capital assets during 2013 consisted of various fire equipment.

LONG-TERM DEBT

Between 2004 and 2007, the Fire Department borrowed \$790,000 from St. Charles Parish to cover expenditures dealing with the purchase of a new fire truck and the building of a new fire station. The loan was paid off in January 2013.

CONTACTING THE FIRE DEPARTMENT'S MANAGEMENT

This report is designed to provide a general overview of the Fire Department and to demonstrate the Fire Department's accountability for its finances. If you have any questions about this report or need additional information, please contact Mrs. Glenda Metrejean, Luling Volunteer Fire Department, 67 St. Anthony Street, Luling, Louisiana 70070.

BASIC FINANCIAL STATEMENTS

LULING VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF NET POSITION
DECEMBER 31, 2013

ASSETS:

Cash and cash equivalents	\$ 1,202,361
Due from Parish	62,023
Due from other	16,900
Prepaid expenses	93,864
Capital assets, net of accumulated depreciation	<u>2,203,794</u>
 Total assets	 <u>3,578,942</u>

NET POSITION:

Net investment in capital assets	2,203,794
Restricted for fire protection	<u>1,375,148</u>
 Total net position	 <u>\$ 3,578,942</u>

The accompanying notes are an integral part of this statement

LULING VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

FUNCTIONS/PROGRAMS

GOVERNMENTAL ACTIVITIES:

Public safety - fire protection	\$ 704,065
Total expenses	<u>704,065</u>
Net (expense) from governmental activities	<u>(704,065)</u>

GENERAL REVENUES:

Sales tax - 1/8 cent	632,823
Ad valorem tax	187,800
Fire insurance rebate	61,968
Training center fees	30,000
Other revenues	<u>59,672</u>
Total general revenues	<u>972,263</u>
Change in net position	268,198
Net position - beginning, as restated	<u>3,310,744</u>
Net position - ending	<u><u>\$ 3,578,942</u></u>

The accompanying notes are an integral part of this statement

LULING VOLUNTEER FIRE DEPARTMENT, INC.
BALANCE SHEET
DECEMBER 31, 2013

ASSETS

Cash and cash equivalents	\$ 1,202,361
Due from Parish	62,023
Due from other	16,900
Prepaid expenses	<u>93,864</u>
 Total assets	 <u><u>\$ 1,375,148</u></u>

FUND BALANCE

Nonspendable:	
Prepaid expenses	\$ 93,864
Restricted for fire protection	<u>1,281,284</u>
 Total fund balance	 <u><u>\$ 1,375,148</u></u>

The accompanying notes are an integral part of this statement

LULING VOLUNTEER FIRE DEPARTMENT, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2013

Fund balance - total governmental fund	\$ 1,375,148
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Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>2,203,794</u>
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Net position of governmental activities	<u>\$ 3,578,942</u>
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LULING VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2013

REVENUES:

Sales tax - 1/8 cent	\$ 632,823
Ad valorem tax	187,800
Fire insurance rebate	61,968
Training center fees	30,000
Other revenues	<u>59,672</u>
Total revenues	<u>972,263</u>

EXPENDITURES:

Current for fire protection:

Utilities:

Electricity	25,868
Telephone	9,219

Equipment:

Maintenance	89,785
Fuel	13,861
Insurance	26,149

Buildings:

Insurance	47,487
Maintenance	18,520

Personnel:

Training	28,949
Insurance	10,948

Firefighting supplies

44,494

Miscellaneous:

Accounting and auditing	11,200
Legal	119
Office expenses	75,809
Meetings and other	10,590
Dues and subscriptions	2,944
Fire prevention	<u>9,631</u>

Total current expenditures

425,573

Capital outlays:

Equipment purchases and construction of training center	104,249
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Debt repayment:

Debt retirement	185,000
Interest expense	<u>4,520</u>

Total debt repayment expenditures

189,520

Total expenditures

719,342

Excess of revenues over expenditures

252,921**OTHER FINANCING SOURCES:**

Proceeds from the sale of assets

775

Total other financing sources

775

Net change in fund balance

253,696

FUND BALANCE, BEGINNING OF YEAR, AS RESTATED1,121,452**FUND BALANCE, END OF YEAR**\$ 1,375,148

The accompanying notes are an integral part of this statement

LULING VOLUNTEER FIRE DEPARTMENT, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Net change in fund balance - governmental fund	\$ 253,696
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$276,656 was greater than capital outlays of \$104,249 in the current period.	(172,407)
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In the Statement of Activities, the loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. The change in net position differs from the change in fund balance by the cost of the assets discarded \$15,749, net of related accumulated depreciation of \$14,245.	(1,504)
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Repayments of note principal are reported as financing uses in governmental funds and thus contribute to the reduction in fund balance. In the statement of net position, however, repayment of debt decreases the long-term liabilities and does not affect the statement of activities.	185,000
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Under the modified accrual basis of accounting used in the governmental funds, interest on long-term debt is not recognized until due, rather than as it accrues.	<div style="border-top: 1px solid black; display: inline-block;">3,413</div>
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Change in net position of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">\$ 268,198</div>
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The accompanying notes are an integral part of this statement

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Luling Volunteer Fire Department, Inc. (Fire Department) receives funding from local and state government sources and must comply with the concomitant requirements of these funding source entities. However, the Fire Department is a "primary government" and is not included as a component unit of any other St. Charles Parish governmental "reporting entity" as defined in GASB pronouncements, since the entity is a non-profit corporation, and the board members have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Fire Department includes all activities that are controlled by it as a quasi-public non-profit corporation organized to provide fire protection to the Parish of St. Charles. The Fire Department has no component units.

The accounting and reporting policies of the Fire Department conform to generally accepted accounting principles as applicable to governmental units.

Basis of Presentation

The Fire Department's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Fire Department are discussed below.

The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Basic Financial Statements - Government-Wide Financial Statements (GWFS)

The Fire Department's basic financial statements include both government-wide (reporting the Fire Department as a whole) and fund financial statements (reporting the Fire Department's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Fire Department's fire protection activities and related general administrative services are classified as governmental activities. The Fire Department does not have any business-type activities.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements - Government-Wide Financial Statements (GWFS)
(continued)

The government-wide Statement of Net Position (Exhibit A) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Fire Department's net position is reported in two parts – net investment in capital assets and restricted for fire protection.

The government-wide Statement of Activities (Exhibit B) reports both gross and net cost of the Fire Department's function. The function is supported by general government revenues (1/8 cent sales tax and ad valorem tax). The Fire Department does not receive related program revenues and operating grants which would reduce gross expenses in the Statement of Activities.

This government-wide focus is on the sustainability of the Fire Department as an entity and the change in the Fire Department's net position resulting from current year's activities.

Basic Financial Statements – Fund Financial Statements (FFS)

The financial transactions of the Fire Department are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflow of resources, liabilities, deferred inflow of resources, reserves, fund equity, revenues and expenditures. The Fire Department's current operations require the use of only the following fund type:

Governmental Fund:

The focus of the governmental fund's measurement (in the fund statement) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. In general, fund balance represents the accumulated expendable resources, which may be used to finance future operations of the Fire Department.

General Fund

The General Fund is the principal fund of the Fire Department and is used to account for the operations of the Fire Department. General revenues are accounted for in this fund. General operating expenditures are paid from this fund.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

The governmental activities in the government-wide financial are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

The Fire Department records are maintained on the cash basis of accounting. However, the General Fund reported in the accompanying financial statements has been converted to a modified accrual basis of accounting utilizing the following practices in recording revenues and expenditures:

Revenues

Sales taxes are recorded in the month the taxes are collected by the St. Charles Parish School Board. Sales taxes become payable to the St. Charles Parish School Board on the first day of the month and become delinquent on the 20th day of the month following incurrence of the taxes by businesses.

An ad valorem issue is dedicated to the operations of the nine volunteer fire departments in St. Charles Parish. The tax millage expires in 2020. Each department is to receive one ninth of annual collections. Taxes levied in November each year are available for expenditures in the subsequent year.

Interest income on investments is recorded when the investments have matured and income is available.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

Revenues (continued)

All other revenues are recorded when received.

The majority of the Fire Department's revenues are derived from the one-eighth of one percent sales tax and the ad valorem tax for operations.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Cash

The Fire Department is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, and the laws of the United States. The Fire Department may also invest in time certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, these deposits must be secured by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the Department or its agent, in the Department's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department, or its agent in the Department's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution, or its trust department or agent but not in the Department's name, and deposits which are uninsured or uncollateralized.

At December 31, 2013, the carrying amount and the bank balances of deposits of the primary government are summarized as follows:

	<u>Bank Balances Category</u>			<u>Bank</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>
Cash	<u>\$ 376,768</u>	<u>\$ -</u>	<u>\$ 842,716</u>	<u>\$ 1,219,484</u>

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

The Fire Department was not required to prepare a budget for the year ended December 31, 2013.

Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Fire Department maintains a threshold level of \$1,000 or more for recording capital assets. Additions, improvement and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets are recorded in the Statement of Net Position and depreciation is recorded in the Statement of Activities. Since surplus assets are sold for an immaterial amount or scrapped when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Equipment	5 - 15 years
Fire protection vehicles	5 - 15 years
Fire stations and other buildings	10 - 40 years

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition.

Equity Classifications

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (Continued)

- b. Restricted net position - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Governmental fund equity is classified as fund balance. In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable - amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted - amounts that can be spent only for specific purposes because of state, local or federal awards or externally imposed conditions by grantors or creditors.
- c. Committed - amounts that can be used for specific purposes determined by formal action by an ordinance or resolution.
- d. Assigned - amounts that are designated by the formal action of the government's highest level of decision making authority.
- e. Unassigned - amounts not included in other classifications.

The Board of Directors, as the highest level of decision-making authority, can establish, modify or rescind a fund balance commitment. For assigned fund balance the Board of Directors authorizes management to assign amounts for a specific purpose.

When both restricted and unrestricted fund balances are available for use, it is the Board of Directors' policy to use restricted resources first, then unrestricted as needed. When committed, assigned or unassigned fund balances are available for use it is the Board of Director's policy to use committed resources first, then assigned resources and unassigned resources as they are needed.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management Review

Management has evaluated subsequent events through June 27, 2014 the date which the financial statements were available to be issued.

(2) SALES TAX REVENUE

Effective March 1, 1980, sales tax in the amount of one-eighth of one percent is collected by the St. Charles Parish School Board and administered by the Parish President. The sales tax is to be used for fire protection of the Parish of St. Charles. The funds are distributed monthly by the Parish President to the individual fire departments of the St. Charles Parish Firemen's Association, Inc.

For December 31, 2013, the sales tax is distributed on the following basis:

	Monthly Basis	Remaining Funds 1/1/13-12/31/13
Bayou Gauche Volunteer Fire Dept., Inc.	\$ 2,500	3.78 %
Des Allemands Volunteer Fire Dept., Inc.	\$ 2,500	4.10 %
East Side St. Charles Volunteer Fire Dept., Inc.	\$ 2,500	22.72 %
Hahnville Volunteer Fire Dept., Inc.	\$ 2,500	7.00 %
Killona Volunteer Fire Dept., Inc.	\$ 2,500	1.47 %
Luling Volunteer Fire Dept., Inc.	\$ 2,500	30.85 %
Norco Area Volunteer Fire Dept., Inc.	\$ 2,500	9.81 %
Paradis Volunteer Fire Dept., Inc.	\$ 2,500	4.93 %
St. Rose Volunteer Fire Dept., Inc.	\$ 2,500	15.34 %

(3) DUE FROM PARISH

Revenue receivable at December 31, 2013 consists of the Fire Department's share of the 1/8th cent sales tax for the month of November 2013, collected on or before December 20, 2013 by the St. Charles Parish School Board and remitted by St. Charles Parish in January 2014. Also included in revenue receivable at December 31, 2013 is a correction to the June 2013 sales tax collection remittance, collected on or before July 20, 2013, of \$19,549.

An allowance for uncollectible receivables is not recorded by the Fire Department because it considers all receivables collectible at December 31, 2013.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

(4) CAPITAL ASSETS

	Balance 1/1/13	Additions 2013	Retirements 2013	Balance 12/31/13
Fire protection vehicles	\$ 2,174,412	\$ 2,478	\$ (13,435)	\$ 2,163,455
Equipment	1,470,785	90,368	-	1,561,153
Buildings	3,225,947	11,403	(2,314)	3,235,036
Land	<u>117,956</u>	<u>-</u>	<u>-</u>	<u>117,956</u>
	6,989,100	104,249	(15,749)	7,077,600
Less: accumulated depreciation	<u>(4,611,395)</u>	<u>(276,656)</u>	<u>14,245</u>	<u>(4,873,806)</u>
Total capital assets, net	\$ <u>2,377,705</u>	\$ <u>(172,407)</u>	\$ <u>(1,504)</u>	\$ <u>2,203,794</u>

Depreciation expense for the year ended December 31, 2013 was \$276,656.

(5) LONG-TERM DEBT

	Balance 1/1/13	Additions	Reductions	Balance at 12/31/13	Due Within One Year
Intergovernmental payable to St. Charles Parish, interest rates ranging from 3.85% to 5.0%, maturing on August 1, 2014, secured by a pledge of future sales tax.	\$ 185,000	\$ -	\$ (185,000)	\$ -	\$ -
Total	\$ <u>185,000</u>	\$ <u>-</u>	\$ <u>(185,000)</u>	\$ <u>-</u>	\$ <u>-</u>

Interest costs incurred charged to expense for the year ended December 31, 2013 was \$1,107.

(6) RISK MANAGEMENT

The Fire Department is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to firemen; and natural disasters. The Fire Department carries commercial insurance in amounts sufficient to insure itself against claims resulting from any of those risks.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

(7) LEASES

During 2007, the Fire Department amended a lease agreement that it entered into with a cellular telephone company in July, 1995 whereby the company will pay the Fire Department a monthly rent of \$400 beginning on January 1, 2009 through June 2015 for the placement of a tower on the Fire Department's property. Beginning on January 1, 2009 and every year thereafter, the monthly rent shall increase by three percent (3%) over the rent which was in effect during the previous twelve (12) month period. The Fire Department received \$8,703 of rent in 2013.

At the termination of the lease, whether or not said termination is on or before the expiration of the 20 year term of the lease, the tower shall become the property of the Fire Department, provided the Fire Department does not require the company to remove the tower.

Future minimum lease payments to be received under the operating lease as of December 31, 2013 are:

Years ending <u>December 31,</u>	
2014	8,964
2015	<u>9,233</u>
	<u>\$ 18,197</u>

(8) NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 61, "The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34." This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units (blending vs. discrete presentation, and certain disclosure requirements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012. This Statement did not have a material effect on the Fire Department's financial statements upon implementation.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

(8) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The GASB has issued Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, or inflows of resources. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. According to GASB Statement 65, debt issuance costs should be recognized as an expense in the period incurred. The impact of the implementation of this to the Fire Department was a decrease in net position and fund balance of \$4,000 due to the removal of debt issuance costs and related amortization.

The GASB has issued Statement No. 66, "Technical Corrections - 2012; an amendment of GASB Statements No. 10 and No. 62." The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. This Statement did not have a material effect on the Fire Department's financial statements upon implementation.

(9) PRIOR PERIOD ADJUSTMENT

During 2013, the Fire Department became aware that the debt amortization schedule it uses to record the allocation of the principal and interest portions of its debt payments on the St. Charles Parish intergovernmental payable did not agree to the schedule used by the Parish. A prior period entry was recorded on the accompanying Statement of Net Position that effectively reduced the intergovernmental payable and beginning restricted net position by the \$11,501.

ERICKSEN KRENTEL & LA PORTE L.L.P.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of the
Luling Volunteer Fire Department, Inc.
67 St. Anthony Street
Luling, Louisiana 70070

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Luling Volunteer Fire Department, Inc. as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Luling Volunteer Fire Department, Inc.'s basic financial statements and have issued our report thereon dated June 27, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Luling Volunteer Fire Department, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Luling Volunteer Fire Department, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Luling Volunteer Fire Department, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2013-001 to be a material weakness.

To the Board of Directors of the
Luling Volunteer Fire Department, Inc.
June 27, 2014

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2013-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Luling Volunteer Fire Department, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as item 2013-001.

Luling Volunteer Fire Department, Inc.'s Response to Findings

Luling Volunteer Fire Department, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Luling Volunteer Fire Department, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 27, 2014
New Orleans, Louisiana



Certified Public Accountants

LULING VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013

SECTION I SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Luling Volunteer Fire Department, Inc.
2. One material weakness and one significant deficiency disclosed during the audit of the financial statements is reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. One instance of noncompliance material to the financial statements of Luling Volunteer Fire Department, Inc., was reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. A management letter was issued for the year ended December 31, 2013.

SECTION II FINANCIAL STATEMENT FINDINGS

2013-001 Public Funds Deposited into Private Account

Criteria: All income generated for the use of assets of the Luling Volunteer Fire Department, Inc. should be deposited into the Department's public funds account.

Condition: Money received for rental income for the Fire Department was deposited into the private account for the year ended December 31, 2012 and 2013.

Effect: Public money was not deposited into a proper account.

Cause: The bookkeeper deposited rental income into the Department's private funds account.

Recommendation: We recommend the Fire Department request an AG Opinion regarding this matter. If it is determined the money is public funds then we recommend the Fire Department immediately repay the funds collected from 2012, 2013, and 2014 from the private account to the public account.

Management's Response: The members of the Luling Volunteer Fire Department disagree with the recommendation due to the fact that no government related funds were spent in regards to the radio tower and the tower is located on Luling Volunteer Fire Department privately owned property that was donated to the Luling Volunteer Fire Department. The Luling Volunteer Fire Department has consulted with its legal counsel and will request an AG Opinion to resolve the matter.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013

2013-002 Lack of Bank Reconciliations

Criteria: Internal controls should be in place to safeguard assets and provide assurance that they are accurately reported.

Condition: During testing it was noted that two bank accounts lacked bank reconciliations.

Effect: Intentional or unintentional errors could be made and not be detected in a timely manner.

Cause: The Fire Department failed to perform bank reconciliations on its savings account and training center account.

Recommendation: We recommend the Department perform bank reconciliations on all cash accounts monthly.

Management's Response: Management agrees with the recommendation and bank reconciliations will be performed on all cash accounts going forward.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

2012-001 Public Funds Deposited into Private Account

During our audit it was discovered that the Department was depositing rental income into a private funds account.

We recommended that the Department immediately repay the funds from 2012 through the report date from the private to the public account.

Management disagreed with the recommendation due to the fact that no public funds were spent in regards to the radio tower and the tower is located on privately owned property.

The issue remains unresolved.

ERICKSEN KRENTEL & LA PORTE L.L.P.

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MANAGEMENT LETTER

To the Board of Directors of
Luling Volunteer Fire Department, Inc.
Luling, Louisiana

In planning and performing our audit of the financial statements of Luling Volunteer Fire Department, Inc. for the year ended December 31, 2013, we considered the Luling Volunteer Fire Department, Inc.'s internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions concerning these matters. This letter does not affect our report dated June 27, 2014, on the financial statements of Luling Volunteer Fire Department, Inc.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with various Luling Volunteer Fire Department, Inc. personnel, and we will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation. Our comment is summarized as follows:

2013-003 Investment of Excess Cash

We believe Luling Volunteer Fire Department, Inc. could benefit from reducing the amounts of cash being maintained in low or noninterest-bearing operating accounts. Only minimum balances required for day-to-day operations need be kept in operating accounts, and amounts not needed for operations may be invested on a short-term basis. Effective cash management can increase the return earned on the Luling Volunteer Fire Department, Inc.'s resources.

This letter is intended solely for the information and use of Luling Volunteer Fire Department, Inc., and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is distributed by the Legislative Auditor as a public document.

June 27, 2014
New Orleans, Louisiana


Certified Public Accountants

LULING VOLUNTEER FIRE DEPARTMENT, INC.
CORRECTIVE ACTION PLAN RELATIVE TO
INTERNAL CONTROL FINDINGS

June 27, 2014

Louisiana Legislative Auditor

Luling Volunteer Fire Department, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2013.

Name and address of independent public accounting firm:

Ericksen, Krentel & LaPorte, L.L.P.
4227 Canal Street
New Orleans, Louisiana 70119
Contact: Ronald H. Dawson, Jr.

Audit Period 1/01/2013 to 12/31/2013

The findings from the December 31, 2013 report on internal controls are discussed below. The findings are numbered consistently with the number assigned in schedule of findings and responses.

SECTION II FINANCIAL STATEMENT FINDINGS

2013-001 Public Funds Deposited into Private Account

Recommendation: We recommend the Fire Department request an AG Opinion regarding this matter. If it is determined the money is public funds then we recommend the Fire Department immediately repay the funds collected from 2012, 2013, and 2014 from the private account to the public account.

Response: The members of the Luling Volunteer Fire Department disagree with the recommendation due to the fact that no government related funds were spent in regards to the radio tower and the tower is located on Luling Volunteer Fire Department privately owned property that was donated to the Luling Volunteer Fire Department. The Luling Volunteer Fire Department has consulted with its legal counsel and will request an AG Opinion to resolve the matter.

2013-002 Lack of Bank Reconciliations

Recommendation: We recommend the Department perform bank reconciliations on all cash accounts monthly.

Response: Management agrees with the recommendation and bank reconciliations will be performed on all cash accounts going forward.

**LULING VOLUNTEER FIRE DEPARTMENT, INC.
CORRECTIVE ACTION PLAN RELATIVE TO
INTERNAL CONTROL FINDINGS**

SECTION III MANAGEMENT LETTER ITEMS

2013-003 Investment of Excess Cash

Recommendation: We recommend the Fire Department reduce the amount of cash being maintained in low or non-interest bearing operating accounts. Only keep minimum balances required for day-to-day operations and excess amounts be invested on a short-term basis.

Management's Response: Management agrees with the recommendation and will research investment options available with higher returns.

If there are any questions regarding this plan, please call Glenda Metrejean at (504)-463-4445.

Sincerely,

Glenda M Metrejean

Signature

Treasurer

Title